AMENDED IN SENATE MARCH 31, 2005

SENATE BILL No. 750

Introduced by Senator Soto

February 22, 2005

An act to add Section 14066.5 to, and to add Article 2.93 (commencing with Section 14091.25) to Chapter 7 of Part 3 of Division 9 of, the Welfare and Institutions Code, relating to Medi-Cal.

LEGISLATIVE COUNSEL'S DIGEST

SB 750, as amended, Soto. Medi-Cal: disease management.

Existing law provides for the Medi-Cal program, which is administered by the State Department of Health Services, pursuant to which medical benefits are provided to public assistance recipients and certain other low-income persons.

Existing law requires the department to apply for a waiver of federal law to test the efficacy of providing a disease management benefit to beneficiaries under the Medi-Cal program, including, but not be limited to, the use of evidence-based practice guidelines, supporting adherence to care plans, and providing patient education, monitoring, and healthy lifestyle changes.

This bill would require the department to ~~begin negotiations with the federal Centers for Medicare and Medicaid Services aimed at development and approval of a disease management demonstration project for Medi-Cal beneficiaries who are dually eligible for Medicare benefits~~ *require any health care plan, as a condition of the plan's readiness to serve seniors and persons with disabilities under the Medi-Cal program, to develop performance objectives, and a program related to wellness behaviors and disease management*.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. The Legislature finds and declares all of the following:

(a) Medi-Cal costs in California are rising dramatically.

(b) A large portion of these costs are attributable to complications from chronic diseases.

(c) Chronic diseases dramatically decrease the quality of life of their victims.

(d) California's aged, blind, and disabled Medi-Cal eligible population, comprised of approximately one million persons, account for nearly 25 percent of Medi-Cal costs and its members are prime candidates to receive the greatest benefits from disease management.

(e) In Florida a single condition disease management program operating in just the northern one-half of the state reduced health care costs for Florida's Medicaid program by $12.6 million in the first two years of the program, representing a 5.6 percent net savings.

(f) A February 25, 2004, Bulletin (SDML#04-002) from the federal Centers for Medicare and Medicaid Services (CMS) to all state Medicaid directors encouraged states to take advantage of disease management in their Medicaid programs, offered technical assistance, and explained how they could draw down federal dollars for these programs.

~~(g) In other states, CMS is creating demonstration projects for patients who are dually eligible for both Medicare and Medicaid in which Medicare will pay for disease management programs.~~

(g) Many other states are basing health care plan readiness to serve seniors and persons with disabilities on the provision of disease management services.

(h) California has not actively pursued this type of innovative opportunity to use federal funds to aid Californians.

(i) Medi-Cal beneficiaries and California taxpayers will continue to be shortchanged if the State Department of Health Services does not begin to aggressively pursue these opportunities to provide effective disease management programs and services to dually eligible Medi-Cal patients.

SEC. 2. Section 14066.5 is added to the Welfare and Institutions Code, to read:

14066.5. As used in this chapter:

(a) "Disease management organization" has the same meaning as in Section 1399.900 of the Health and Safety Code.

(b) "Disease management programs and services" has the same meaning as in Section 1399.901 of the Health and Safety Code.

SEC. 3. Article 2.93 (commencing with Section 14091.25) is added to Chapter 7 of Part 3 of Division 9 of the Welfare and Institutions Code, to read:

Article 2.93. Disease Management

14091.25. (a) It is the policy of the state to provide and encourage the provision of disease management programs and services. The department shall implement this policy by developing a strategy for providing Medi-Cal beneficiaries who are also eligible for Medicare with disease management programs and services that improve patient outcomes and reduce health care costs.

(b) Any disease management organization providing disease management programs and services under this article shall possess full patient and practitioner oriented accreditation in the provision of those disease management programs or services by one or more nationally recognized health care accrediting organizations, including, but not limited to, the National Committee for Quality Assurance, the Joint Commission on Accreditation of Health Care Organizations, and the American Accreditation Health Care Commission.

(c) In order to ensure that the preventive aspects of disease management programs and services reach the greatest number of people, disease management programs provided under this article shall be ~~population-based~~ *population based*.

~~(d) Within its existing budget and in the shortest possible timeframe, the department shall begin negotiations with the federal Centers for Medicare and Medicaid Services aimed at development and approval of a demonstration project for dually eligible Medi-Cal beneficiaries. In its negotiations, the department shall pay special attention to all of the following:~~

~~(1) Chronic diseases with high overall costs, including, but not limited to, asthma, coronary artery disease, congestive heart failure, chronic obstructive pulmonary disease, and diabetes.~~

~~(2) Comorbidity among chronic diseases and the increased benefit or the provision disease management services for multiple disease states.~~

~~(3) The provision of disease management services that guarantees a cost savings to the department.~~

~~(4) The possibility of coordinating this program with the department's pilot program for disease management programs for fee-for-service Medi-Cal authorized in the Budget Act of 2003 but, only if that coordination will not slow or delay the implementation or start-up of the pilot project.~~

~~(5) The provision of disease management programs for beneficaries dually eligible for Medi-Cal and Medicare services in both fee-for-service counties and counties assigned to participate in a predetermined Medi-Cal managed care model.~~

~~(c) The department shall seek all federal waivers necessary to allow for federal financial participation in expenditures under this article, and, if necessary, shall seek any statutory changes from the Legislature required to implement this article.~~

~~14091.27. For persons who qualify for disease management and are, or become, eligible for benefits under Title XVIII of the federal Social Security Act (42 U.S.C. Sec. 1395 et seq.) and the state's Medi-Cal program, the department shall seek federal waivers to enable it to share in cost savings resulting from disease management paid for through Medi-Cal that would otherwise accrue to Medicare.~~

~~14091.29. The department may do both of the following:~~

~~(a) Seek information and advice from the federal Centers for Medicare and Medicaid Services, Medicaid agencies in other states, disease management research projects funded by nonprofit foundations, and independent consultants on disease management contracting to speed the delivery of disease management to Medi-Cal enrollees.~~

~~(b) To the extent permitted by state law, issue requests for proposals and enter into contracts with a qualified disease management organization for the provision of disease management programs and services that meet the requirements of this article.~~

~~14091.31. On or before January 1, 2006, the department shall report its findings, recommendations, guidelines, and disease management delivery and implementation strategy, as well as its progress in implementing disease management programs, to the Governor, the Secretary of California Health and Human Services, and the relevant policy committees of the Legislature.~~

(d) The department shall require any health care plan, as a condition of the plan's readiness to serve seniors and persons with disabilities under the Medi-Cal program, to comply with all of the following requirements:

(1) Develop performance objectives to encourage wellness behaviors or minimize the exposure of recipients to the need for acute inpatient, custodial, and other institutional and long-term care and the inappropriate or unnecessary utilization of high-cost services.

(2) Provide a wellness or disease management program for certain Medicaid recipients participating in the waiver. At a minimum, the department shall require a plan to develop a disease management program for recipients who have, or have been diagnosed with, any of the following conditions:

(A) Diabetes.

(B) Asthma.

(C) HIV/AIDS.

(D) Hemophilia.

(E) End stage renal disease.

(F) Congestive heart failure.

(G) Chronic obstructive pulmonary disease.

(H) Autoimmune disorders.

(I) Obesity.

(J) Smoking.

(K) Hypertension.

(L) Coronary artery disease.

(M) Chronic kidney disease.

(N) Chronic pain.

(3) Develop disease management protocols for care and provide oversight to ensure that the service network provides the contractually agreed-upon level of services.

(e) Subject to paragraph (3) of subdivision (d), the department may require a health care plan to develop appropriate disease management protocols, develop procedures for implementing

those protocols, and determine the manner in which disease management shall be provided to plan enrollees. The department may allow a plan to contract separately with another entity for disease management services or provide disease management services directly through the plan.

(f) The department may establish either or both of the following:

(1) Performance contracts that reward a plan when measurable operational targets in both participation and clinical outcomes are reached or exceeded by the plan.

(2) Performance contracts that penalize a plan when measurable operational targets in both participation and clinical outcomes are not reached by the plan.

(g) The department shall develop oversight requirements and procedures to ensure that plans subject to this section utilize standardized methods and clinical protocols for determining compliance with a wellness or disease management plan.

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